



Policy Scotland Working Paper

The COVID-19 Crisis and Universal Credit in Glasgow: September 2020

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Working Paper Series¹: The COVID-19 Crisis and Universal Credit in Glasgow

Update: September 2020

Key Issues

- Glasgow's UC caseload since the beginning of March has grown by 82% to just over 68,000 people – an increase of 31,000. Some will be accessing with the benefit system in this way for the first time.
- The largest groups of recipients are still between ages 25 and 54. Claims and starts for these populations have returned (for now) to almost pre-crisis levels.
- However, people under the age of 24 continue to flow onto UC at elevated levels. In Glasgow the number of young people starting on UC in July was still over double the number in March. Now, roughly 12% of young people in Glasgow are receiving UC.
- Nearly 10,000 people who came on to Universal Credit in Glasgow in the first month of the lockdown have not been able to leave the caseload, which points to a trend of longer durations on UC and extended periods of labour market disengagement.
- Before the crisis the UC system in Glasgow primarily served those not working and those who had no work requirements (primarily due to ill-health and caring responsibilities), which comprised 70% of the caseload. Now almost 70% of the caseload is comprised of the two groups (working/not working) subject to conditionality: 44,000 people in Glasgow.
- Another notable increase in the caseload over the period is among those currently working without requirements, who now make up 13% of the caseload rather than 8% of the caseload pre-crisis. This includes those who are currently on furlough. As the furlough scheme comes to an end in October a proportion of those currently connected to work and not required to look for a job receiving UC will flow into unemployment.
- Vacancies, while improving, are still at roughly 50% of pre-crisis levels. Paired with a larger caseload and the coming crisis of the furlough scheme ending, additional resources for employability, money advice and welfare rights advice services should be invested in now.

1. Introduction

Since the publication of the first Policy Scotland working paper on Universal Credit in Glasgow in July, the scale of the challenges faced by people on low incomes is becoming clearer. The UK is facing a labour market crisis that is unprecedented. The most recent release of labour market figures by the Office of National Statistics (ONS) to June 2020 show a weakening of employment across most sectors (with some more severely hit than others) and the lowest number of hours worked on record; the highest ever number of people who are underemployed (2.85 million); roughly 7.5 million people temporarily away from work (including 3 million of whom have been away from work for 3 months or more) and, perhaps most worryingly, the first time there has been a net inflow of

¹ The first paper in this series is Weakley, S. and Waite, D. 2020. Policy Scotland Working Paper: The COVID-19 Crisis and Universal Credit in Glasgow and can be accessed at: <https://policyscotland.gla.ac.uk/working-paper-covid-19-crisis-and-universal-credit-in-glasgow/>

people into economic inactivity². The Resolution Foundation's³ recent analysis of furloughing data from HMRC estimates that even in mid-August 4 million people in UK were fully on furlough (not working at all). The furlough scheme will come to an end on October 31, and the ONS anticipates that many of those still attached to their employer will flow into unemployment at some point during the autumn.

New evidence confirms what many suspected at the beginning of this crisis; that the youngest workers, oldest workers and those working in manual or elementary occupations (e.g. in hospitality, construction, retail) were most likely to lose their jobs, have their hours reduced or be on furlough for an extended period of time (ONS 2020). For example, hospitality and leisure sectors both had six-in-ten workers furloughed at the end of June, reflecting the slower reopening in those sectors. The other group of employees most radically impacted by this crisis are the self-employed. During the lockdown period many of the self-employed faced nearly no income from trading due to public health measures. Due to this loss of income and changes to the minimum income floor of Universal Credit, it is likely that the self-employed make up a larger share of the UC caseload than ever before⁴. Worryingly, the ONS reports that those who have left self-employment are not moving into paid employment but rather more likely to become economically inactive. Low wage workers of all types, already struggling to make ends meet before the crisis, found the drops in income (even if on furlough) to be unsustainable to meet their needs in the face of rising costs in lockdown. For those who were not connected to the labour market before the crisis, or just holding on to part time work, the challenges are likely severe.

Universal Credit figures are one way to understand who is at the sharpest end of this crisis and accessing the largest programme of means-tested assistance in the UK. However, Universal Credit figures do not provide information about COVID-19's impacts on larger labour market trends or workers of various types that are better addressed with additional statistics⁵. The data contained in the first working paper was only to early April 2020 – just three weeks into the UK lockdown period. Although that initial report contained the first large spike in UC claims and an increase in the caseload, a longer time horizon allows us to see how the UC caseload reflects those most in need in this extended recovery period. This paper updates figures to early July 2020 and highlights new areas of concern for policymakers and programmes serving people on low incomes.

1.1 New reports since July 2020

The first working paper introduced UC and its administration, changes to the benefit announced in March (e.g. £20/week increase in standard allowance) and emerging key issues related to some recipients who continue to struggle in the current system. Three important documents related to UC

² Office of National Statistics. 2020. Labour Market Overview, UK: August 2020.

<https://www.ons.gov.uk/releases/uklabourmarketaugust2020>

³ There are not yet clear figures on the number of people who were brought back part time and still receiving furlough pay from the government, and therefore the Resolution Foundation was only able to estimate how many people are on furlough and not working at all. See:

<https://www.resolutionfoundation.org/comment/high-number-of-furloughed-workers-but-not-as-much-as-we-thought/>

⁴ Beginning in June, the government's first round of the grant scheme for the self-employed, SEISS, was accessed by 2.7 million people UK-wide totalling £7.8 billion (ONS 2020). In Scotland, the scheme was accessed by 155,000 people in Scotland totalling £449 million. <https://www.gov.uk/government/news/million-of-self-employed-to-benefit-from-second-stage-of-support-scheme>

⁵ For an analysis of how labour market statistics are used to understand this crisis see the Resolution Foundation's briefing note *The Truth Will Out*: <https://www.resolutionfoundation.org/publications/the-truth-will-out/>

have been released since July. The first two provide new data on two groups of recipients who are not well served by this benefit; households impacted by the two-child limit and households impacted by the benefit cap. The third is a comprehensive report from the House of Lords Economic Advisory Committee on reforms needed to UC, resulting from their inquiries over the last Parliamentary session.

- **Households and children impacted by the benefit cap⁶:** The benefit cap restricts support for families to the first two children if the subsequent children were born on or after April 6, 2017. For the families affected this results in a reduction of support of £53.50 per week for each child who does not qualify; impacting both out of work and in-work benefits. Figures released in July report that 911,000 children in the UK now live in households affected by the policy, with 57% of affected claimants in working families. 14% of the families impacted by the two-child limit reside in Scotland.
- **New data on the number of households affected by the benefit cap⁷:** the benefit cap applies to claimants on UC and on legacy housing benefit and caps the amount of assistance annually. Due to the rise in UC claimants, the number of newly capped households on UC grew by a staggering 665% from February to May 2020. Across both benefits 154,000 households are subject to the benefit cap. Importantly, the COVID-19 crisis has made it particularly challenging if not impossible for people to change their circumstances in order to not be capped (like getting a job or moving to cheaper accommodation).
- **House of Lords Economic Affairs Committee Report⁸:** The House of Lords Economic Affairs Committee published their report *Universal Credit isn't working: proposals for reform* in July, which calls on the Government to make substantial changes to universal credit in order to protect the most vulnerable. Overall, the Committee calls for 'substantial reform to [UC's] design and implementation, the adequacy of its awards, and how it supports claimants to navigate the system and find work'.

1.2 The Claimant Count and limitations of DWP's published UC data

Claimant Count

The ONS (using DWP data) also publish data in their labour market statistics on the Claimant Count, which aims to cover all of those accessing unemployment-related benefits⁹. This count includes

⁶ Read the full DWP report on households impacted by the two-child limit (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/900788/Two_children_and_exceptions_in_tax_credits_and_Universal_Credit_April_2020.pdf) or learn more from the Welfare Reform for Larger Families project (<https://www.welfarereform-largerfamilies.org.uk/blogs/the-two-child-limit-now-affects-almost-one-million-children-and-it-is-being-implemented-when-poverty-is-rising-for-larger-familiesnbsp>).

⁷ DWP 2020, Benefit Cap: Number of Households capped to May 2020. <https://www.gov.uk/government/publications/benefit-cap-number-of-households-capped-to-may-2020/benefit-cap-number-of-households-capped-to-may-2020>

⁸ House of Lords Economic Affairs Committee. 2020. <https://committees.parliament.uk/committee/175/economic-affairs-committee/news/147638/substantial-reform-of-universal-credit-needed-to-protect-the-most-vulnerable/>

⁹ Those who access unemployment-related benefits do not comprise all people who are unemployed, as some people who are unemployed are not eligible for benefits. This includes 'people who are only looking for part-time work, young people under 18 are not usually eligible to claim JSA, students looking for vacation work, people who have left their job voluntarily' see: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/methodologies/aguidetolabourmarketstatistics#claimant-count>

those on legacy JSA benefit, people on 'New Style' JSA (based on National Insurance contributions), and those on UC in the 'Searching for Work' conditionality regime¹⁰. The Claimant Count reached 2.7 million in July 2020 UK-wide, an increase of 116.8% since March 2020 (1.4 million) and an increase of 94,400 in just one month (June 2020).

A recent report from David Webster¹¹ further breaks down the claimant count of May 2020 data for the three benefit types. He finds that because there is such a small number of legacy JSA claimants left in the caseload, between March and May 2020 there were almost 130,000 new claimants of New Style JSA. Overall, about 10% of newly unemployed claimants between March and May claimed New Style JSA while UC accounted for 89% of the all unemployed claimants.

About this data and limitations

This working paper details Universal Credit in Scotland and more specifically in Glasgow¹². The figures and tables in the subsequent pages primarily cover the period from early March 2020 (before the lockdown period) to early July 2020. They come from three datasets: Universal Credit claims, which has a weekly measurement period; Universal Credit starts, which has a monthly measurement period; and People on Universal Credit, which is a point in time statistic of the entire UC caseload. All figures and data reported in this briefing was taken from DWP's Stat-Xplore system in August 2020.

Data contained in this briefing only covers those who receive UC and does not capture those on legacy benefits. The DWP only captures demographic data for UC claimants by their location, age and gender. This data source does not capture information on claimants by their ethnicity and does not publish information on the number of those who claim UC on the grounds of sickness or disability.

Structure of this paper

This working paper follows the same structure as the July 2020 paper, first detailing UC claims, starts and caseload for Scotland to give a general picture of national trends. Where useful, the report also compares trends in Glasgow to other postcodes and local authority areas over the same period. The bulk of the paper is focussed on UC in the Glasgow local authority, breaking down trends by demographic characteristics and characteristics of recipients as it relates to their labour market attachment. The paper compares Glasgow with national trends by the same characteristics and then reflects on these trends for policy action.

¹⁰

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/august2020>

¹¹ <https://cpag.org.uk/policy-and-campaigns/briefing/david-webster-university-glasgow-briefings-benefit-sanctions>

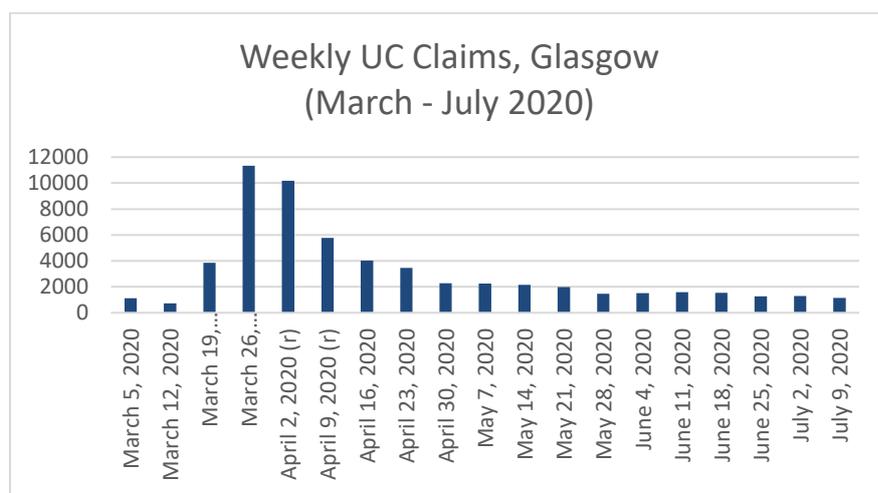
¹² In July 2020, the total number of people in the UK on Universal Credit was 5.5 million; an increase of 2.5 million since March 2020. For additional information see the DWP's quarterly publication here: <https://www.gov.uk/government/publications/universal-credit-statistics-29-april-2013-to-9-july-2020/universal-credit-statistics-29-april-2013-to-9-july-2020#people-on-uc-header>

2. Universal Credit in Scotland

2.1 Universal Credit Claims

In the first two weeks of lockdown in late March and early April, over 40,000 weekly claims were made to Universal Credit in Scotland (DWP 2020); over 10,000 of those were made in Glasgow (Figure 1). Glasgow claims remained elevated through May and into June as nearly double the number of claims to UC were made per week (around 2,000) compared to early March. By early July the number of weekly claims reduced to pre-lockdown levels of roughly 1,000 claims made per week.

Figure 1: Weekly Universal Credit Claims, Glasgow



Source: DWP Stat Xplore 2020

2.2 Universal Credit Starts

New starts data for Scotland for May, June and July continue to show a higher number of people who began on Universal Credit each month than before the crisis. In April over 103,000 people flowed on to Universal Credit in Scotland followed by another 72,000 people in May. In early July just over 19,000 new people were starting on UC, over 3 months after the initial income and employment shocks began (Table 1).

Table 1: Monthly UC starts, Scotland

Monthly UC Starts, Scotland (March - July 2020)					
	March 2020	April 2020 (r)	May 2020	June 2020	July 2020
Scotland	14,644	103,436	71,952	25,028	19,129

Table 2 details the number of UC starts for the four Scottish postcodes with the highest number of starts since March 2020. While Glasgow is the postcode with the highest count of UC starts, Edinburgh and Aberdeen experienced the largest percentage increase in starts – particularly from March to April – than the other postcode areas. As reported in the first working paper, the percentage increase in UC starts from March to April was 1062% in Aberdeen and 726% in Edinburgh. The April figures in this data release have been revised since June, which undercounted the number of monthly starts in Glasgow by 9,000. The percentage increase in Glasgow UC starts from March to April is now 584%.

In Glasgow, over 60,000 people have started on UC since the beginning of March. While the number of new entrants to the caseload has slightly ‘normalised’ in June and July, starts in July for Edinburgh were 43% higher than March and 30% higher in Glasgow. This suggests that although the shock has subsided, the employment recovery will not be ‘V-shaped’ – indeed, there will continue to be people moving in (and ideally out) of the UC caseload as the labour market rebounds and reforms in some sectors more than others. What June and July figures suggest is that this number of starts might well be a ‘new normal’ as the labour market recovers.

Table 2: Monthly UC starts, four Scottish postcodes

Monthly Universal Credit Starts, March - July 2020 (Four postcodes with highest counts)						
Postcode	March 2020	April 2020 (r)	May 2020	June 2020	July 2020	Total (Mar-July)
(G) Glasgow	3,919	26,812	18,635	6,629	5,171	61,166
(EH) Edinburgh	2,435	18,689	15,457	4,497	3,492	44,570
(AB) Aberdeen	1,539	8,058	7,186	2,562	1,934	21,279
(KA) Kilmarnock	1,154	7,765	4,570	1,923	1,295	16,707

2.3 Universal Credit caseload (People on UC)

Claims and starts data illustrate how UC use has changed over the course of this crisis and can give a sense of the scale of income shocks that occurred in Scotland over the last four months. However, caseload data in Table 3 captures a point in time and includes those who are not only new to UC. For Scotland overall, there are more than 200,000 new entrants to the UC caseload since the start of this crisis.

Glasgow’s caseload since the beginning of March has grown by 82% to just over 68,000 people (Table 3). Edinburgh has seen a sharper uptick by percentage, but by virtue of Glasgow’s higher poverty levels the number of people in Glasgow who receive UC is nearly double that of Edinburgh in July 2020; a local authority area with roughly the same population size. Although it is unlikely that all 31,000 people are ‘new’ to UC, given what is known about the dynamics of benefit receipt, there will be some who are accessing with the benefit system in this way for the first time.

Table 3: People on UC, 5 local authorities with the largest caseloads in July 2020

People on Universal Credit, March - July 2020 (Five local authority areas with highest counts)						
Local Authority	March 2020	April 2020	May 2020	June 2020 (r)	July 2020 (p)	% change (Mar-July)
Glasgow City	37,380	53,026	63,327	66,043	68,286	82%
Fife	21,846	29,158	33,237	34,252	35,314	57%
City of Edinburgh	14,425	24,272	32,239	34,151	35,183	137%
North Lanarkshire	19,543	27,450	31,985	32,974	34,016	69%
South Lanarkshire	17,466	24,201	28,292	29,184	29,811	67%
<i>Scotland</i>	<i>264,117</i>	<i>373,526</i>	<i>439,424</i>	<i>456,564</i>	<i>469,484</i>	<i>78%</i>

3. Universal Credit in Glasgow

3.1 Demographic Groups

Age

An issue flagged early in this crisis was the likely disproportionate impact it would have on younger and older workers in the hospitality, retail and tourism sectors. Labour market figures released by the ONS confirmed this, as hours worked decreased most rapidly for both groups while the percentage temporarily away from work increased. Starts data by age enables us to see which age groups experienced the sharpest impacts from the current crisis and if (and when) the initial impacts subsided.

Given the composition of those on UC generally – primarily those between the ages of 25 – 54 – we can expect that in Glasgow the number of starts from March 2020 would be the highest in these two age bands. Between March and July just over 26,000 UC starts were for those aged 25-39 (who we might consider the ‘young families’ group) and over 15,000 UC starts for those aged 40-54 (Table 4). Viewing the trends over time we see that by early July the number of monthly starts to UC for the middle two age groups had gone back down to levels close to those of early March. These figures seem to suggest that the extent of the initial income shock for these families was captured by inflows to UC in April and May. It also suggests that the initial ‘spike’ in income challenges faced by the middle two working age groups was severe and acute.

Table 4: UC starts in Glasgow by age group

UC Starts in Glasgow (March - July), by age group						
Age	March 2020	April 2020 (r)	May 2020	June 2020	July 2020	Total (Mar-July)
16-24	825	3,907	3,963	2,047	1,893	12,635
25-39	1,737	12,389	7,676	2,474	1,866	26,142
40-54	934	7,466	4,704	1,410	960	15,474
55+	410	3,045	2,291	697	451	6,894

For the youngest age group the number of UC starts in July did not recede back to more ‘normal’ levels: rather, the number of UC starts in July was over double that of early March. In July the number of starts for those age 16-24 was also slightly higher than the number of starts for the ‘young families’ group (aged 25-39), which is unprecedented. The continued high numbers of inflows to UC for the youngest recipient group is a confluence of their family context, unique sector impacts of this crisis and the way that young people engage with the UK benefit system overall. As noted in the previous paper, young people who access UC (as a young parent or as a single adult) are those who are facing some of the most challenging circumstances.

Caseload data reports how many people in each age group are accessing assistance at a point in time (both new and existing recipients). In Scotland the caseloads for each age group increased between 75% - 81% from their counts in early March. The largest group of UC recipients is in the 25-39 age group, with just over 201,000 people on UC, followed by those aged 40-54, with around 126,000 people. Almost 82,000 young people in Scotland were on the UC caseload in early July 2020.

The percentage increase in the caseload for each age group in Glasgow (Table 5) is largely consistent with the national picture save for the youngest group, which increased by 90% since March. As of

July, nearly half the caseload was aged 25-39 (31,000 people) and another quarter of the caseload were aged 40-54 (18,000 people). Just over 11,000 young people in Glasgow were receiving UC in July; roughly 12% of the population of 16-25 year olds in Glasgow¹³. Notably for young people, UC data does not capture the full extent of those who are unemployed, underemployed or those economically inactive. Rather it highlights the young people who are independent of their family of origin (not part of their family's benefit unit) and likely have very little in the way of family support.

Table 5: People on UC in Glasgow, by age group

People on Universal Credit in Glasgow (March - July 2020), by age group							
Age	March 2020	April 2020	May 2020	June 2020 (r)	July 2020 (p)	% change (Mar-July)	% of caseload
16-24	5,963	8,199	10,075	10,699	11,373	90%	17%
25-39	17,172	24,922	29,432	30,493	31,353	82%	46%
40-54	9,849	13,860	16,474	17,212	17,683	79%	26%
55+	4,403	6,048	7,341	7,642	7,878	79%	12%
<i>Total (Glasgow)</i>	<i>37,380</i>	<i>53,026</i>	<i>63,327</i>	<i>66,043</i>	<i>68,286</i>	<i>82%</i>	

Gender

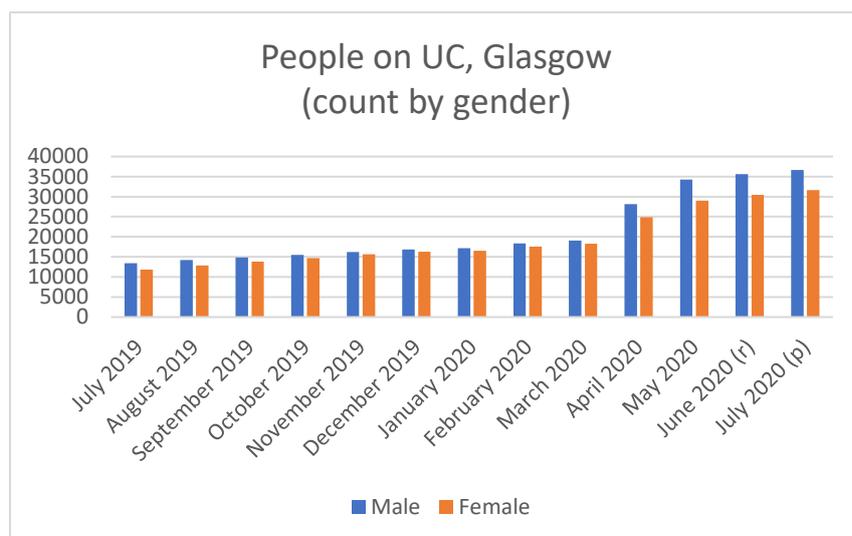
New ONS labour market figures UK-wide begin to detail how this crisis is impacting differentially by gender. Overall, the decrease in men's employment is driven by the decrease in employment for full-time self-employed men (down by a record 163,000 to 2.50 million) and the decrease in women's employment across the UK was driven by women working part-time leaving the labour market (ONS 2020). These differential impacts were predicted early in the crisis and indeed the predictions were borne out in the evidence.

Before the crisis in Scotland, the number of UC starts were relatively equal for men and women. In April and May, however, the number of men starting on UC in Scotland was much higher than women: roughly 12,000 more in April and 11,000 more in May. The widening gaps between genders coming on to UC was also seen in Glasgow in April and May, with men coming on the caseload in greater numbers than women. In total since the beginning of March, around 34,000 men and 27,000 women in Glasgow have made a UC start – again, however, some of these people will have left the UC caseload in June or July.

Figure 2 takes a longer view of the entire UC caseload in Glasgow by gender since July 2019. Here the gap emerges prominently in the early April measurement period and continuing into July. The July figures report men comprising 54% of the UC caseload in Glasgow (36,660 people) compared to 46% percent of women in the caseload (31,608). This proportion has stayed relatively consistent since the first UC spike in April. What continues to be unique about the Glasgow UC caseload is that it differs slightly from the Scottish picture, which has more equal caseloads of men and women. Although we might have expected a sharper increase in females on the caseload in Glasgow since the start of this crisis, the data shows instead that more men in Glasgow are continuing to need UC.

¹³ This calculation simply used the number of people on UC in this age group as a proportion of the 2018 mid-year population estimate (accessed via ScotPHO) for those 16-25 (92,690). As the population estimate includes those aged 25 (, we can estimate that the percentage of young people on UC is at or slightly above 12%.

Figure 2: People on Universal Credit in Glasgow, by gender



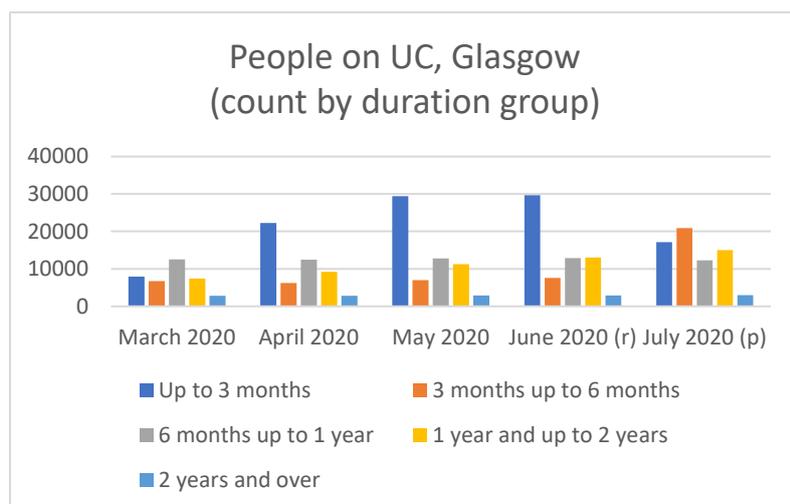
3.2 Recipients and Labour Market Attachment

Duration

The data from April on the length of time people were spending on the caseload was clear; the majority of the caseload were ‘new’, having only been on the caseload for 3 months or less. Longer run data can illustrate whether many of the ‘new’ recipients in April have been able to exit UC or are needing longer periods of assistance.

Figure 3 most deftly illustrates how the caseload in Glasgow has indeed shifted to longer durations. By July the evidence suggests that indeed many of those on who joined the caseload in late March and early April (in the 3 months or less group) moved to the next longest duration category (3-6 months). Nearly 10,000 people in Glasgow remain on UC having made a claim during the first month of lockdown. This is relatively unsurprising given the continued low levels of vacancies in all sectors to early July. There has been continued inflows into the caseload in May and June – just not nearly as large as in April. In July, then, 25% of the caseload are those on UC for three months or less, and those on UC between 3-6 months now comprise 31% of the caseload (compared to just 11% in April). Given the slower employment recovery it is likely that people will be staying on UC for longer durations than before this crisis.

Figure 3: People on UC by duration group, Glasgow

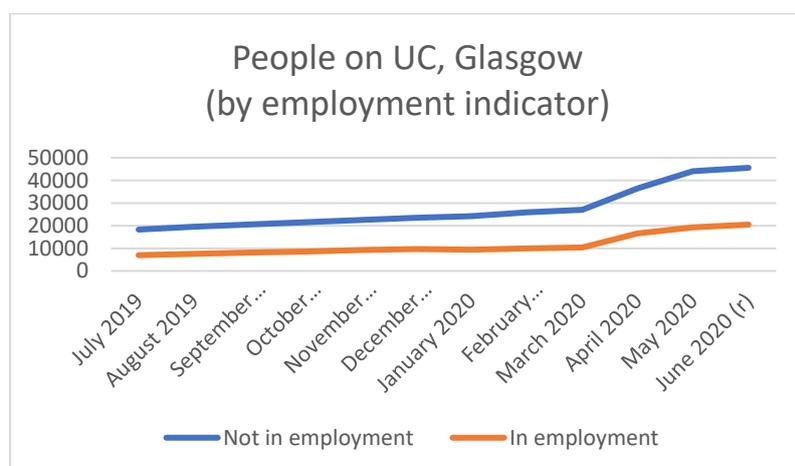


Employment Status

The DWP publishes a quarterly breakdown of the UC caseload by employment status, a simple indicator of who is or is not in employment in the caseload to June 2020. Universal Credit is a benefit that primarily serves those who are not in employment, and in Scotland 66% of the national caseload was not in employment in June (299,315 people). However there has been a 90% percent increase in the caseload for those who are still in employment (157,245 people in June) compared to a 65% increase in the Scottish caseload of those who were not in employment.

One of the small but notable differences between the Glasgow caseload and the national caseload is the larger proportion of people not in employment. Pre-crisis, 72% of the caseload was not in employment compared to 69% of the caseload nationally. The spike in UC caseload for those not in employment was particularly steep through May, with a plateau in June (Figure 4). Although more gradual, the increase in the number of people in employment on UC doubled since March to just over 20,000 – a significant change in the shape of the caseload.

Figure 4: People on UC in Glasgow by employment indicator



Trends with this broad disaggregation suggests that there is more to unravel, particularly about those who are still attached to the labour market but for whom a drop in income has been severe enough to make them eligible for Universal Credit. This 'working' population could be comprised of a

variety of workers whose circumstances have changed, including those who have been furloughed on a low income; those whose hours have been cut; self-employed people coming on to the caseload who still report some income to the DWP (even if small); and those who were already in the caseload pre-crisis who are part of the rising number of the working poor. Viewing the caseload by conditionality regime is one way to further unpick the type of workers (and non-workers) accessing UC.

Conditionality

The UC caseload disaggregated by the conditionality regime of recipients details the type of people coming onto the caseload based on their current or former labour market attachment. This can help local and national policymakers understand the employability needs of those on low incomes accessing UC. However, these figures do not fully capture those working or not working on low incomes, as people do not engage with UC for a variety of reasons. This only captures the labour market status of those accessing UC.

People in the 'Searching for work' and the 'Working with requirements' conditionality must adhere to requirements in their claimant commitment in order to keep receiving their full Universal Credit payment.¹⁴ Conditionality does not apply for those earning more than £343 per month for a single adult or £549 per month joint income; these recipients are in the 'Working with no requirements' group. Uniquely for this crisis, those on furlough are still defined as 'in work' and therefore it is likely that these recipients will be in the 'Working with no requirements' conditionality group.

The sanctions regime was paused by the UK government from the end of March to the end of June; no UC recipient would be punished via a sanction (i.e. a reduction or pausing of their UC payment) if they did not adhere to all aspects of the claimant commitment. Given the economic shutdown this was a welcome pause. However, sanctions restarted from 1 July, by which time the number of claimants subject to conditionality will have increased to over 3 million (UK-wide)¹⁵. While in recent years the proportion of those sanctioned has decreased, there is a distinct concern that this punitive and ineffective aspect of UC will further harm recipients in a time of slow labour market recovery¹⁶.

In Scotland since March the proportion of the caseload in the 'Searching for Work' group increased to 42% of the total caseload, bringing the total to 195,901 people; almost double the count since the beginning of this crisis. This captures the extent of acute job losses across the country for those on very low incomes who were more likely to work in worst-affected sectors. The largest percentage increases in the group counts in Scotland occurred for those in the 'Working with Requirements' (+148%) and the 'Working with no requirements' (+128%) groups. In July there were roughly 78,000 people across Scotland in each of these groups. Although this does not capture the full extent of the crisis among those temporarily away from work or self-employed, as it only captures those on low incomes, these increases suggest that in the recovery period policy and programmes should adjust their interventions to meet the needs of these two types of 'workers' that the UC system did not engage with as regularly before this crisis.

¹⁴ For a full description of each conditionality regime and its requirements please see:

<https://www.gov.uk/government/publications/universal-credit-statistics-background-information-and-methodology/universal-credit-statistics-background-information-and-methodology#background-information>

¹⁵ David Webster provides regular briefings and analysis of sanctions in the UK benefit system, which can be found on the Child Poverty Action Group website. <https://cpag.org.uk/policy-and-campaigns/briefing/david-webster-university-glasgow-briefings-benefit-sanctions>

¹⁶ See additional evidence to this point in recent House of Lords paper, linked on page 3.

In Glasgow the picture is similar (Table 6) with now roughly half of the caseload in the ‘Searching for Work’ category (33,167). The most notable difference in the caseload is also among those who were in the other working conditionality groups. During this crisis the type of person seeking assistance has shifted dramatically: the caseload of the ‘Working with requirements’ group increased by 130% to 11,499 in July and the ‘Working no requirements’ group caseload increased by 178% to 8,739 (an increase of 5,550 people). These figures suggest many low-wage workers (both on furlough or not on furlough) are having to access UC due to a drop in wages that takes them below the threshold for UC. This is consistent with recent evidence finding that over a third of people who have accessed government assistance schemes (like furlough) were experiencing financial difficulties¹⁷.

For those on furlough in UC, they are likely in the ‘Working with no requirements’ group for now. Currently, the pressing crisis is among those who are self-employed on low incomes or those for whom their hours were cut dramatically during the spring (again, this occurs for those in the lowest-paid sectors), as they are now subject to conditionality. Before the crisis the UC system in Glasgow primarily served those not working and those who had no work requirements (primarily due to ill-health and caring responsibilities), which comprised 70% of the caseload. Now almost 70% of the caseload is comprised of those in the two groups (working/not working) subject to conditionality: 44,000 people.

Table 6: People on UC in Glasgow by conditionality group

People on UC in Glasgow, by conditionality regime (March - July 2020)								
	March 2020	% caseload (March)	April 2020	May 2020	June 2020 (r)	July 2020 (p)	% caseload (July)	% increase in count (Mar - July)
Searching for work	16,933	45%	27,149	31,509	31,580	33,167	49%	96%
Working – with requirements	4,949	13%	7,245	10,355	10,762	11,449	17%	130%
No work requirements	9,239	25%	10,089	10,509	10,750	10,968	16%	18%
Working – no requirements	3,134	8%	4,988	7131	9,054	8,739	13%	178%
Planning for work	891	2%	1,051	1,187	1,232	1,248	2%	40%
Preparing for work	2,224	6%	2,486	2,597	2,641	2,694	4%	21%
Total	37,380		53,026	63327	66,043	68,286		

4. Key Issues and Policy Concerns

Newer, younger recipients: Although the largest group of recipients are between ages 25 and 54, the claims and starts for these populations have returned (for now) to almost pre-crisis levels. However, people under the age of 24 continue to flow onto UC at elevated levels. In Glasgow the number of young people starting on UC in July was still over double the number in March. Now, roughly 12% of young people in Glasgow are receiving UC. These results also suggest that we may not yet see the full extent of the youth unemployment crisis for many months. The current policy

¹⁷ Standard Life Foundation. (2020). *Emerging from Lockdown*. Available at: <https://www.standardlifeoundation.org.uk/news/latest-news/articles/emerging-from-lockdown>

approaches to help engage young people on UC into training, apprenticeships and employment is welcome: this includes the Kickstart scheme, a UK government initiative which provides funding to employers to provide 6 month job placements for young people on UC and the Scottish Youth Guarantee, funding a wide ranging set of Scottish policies to ensure that ‘ensure everyone aged between 16 and 24 has the opportunity of work, education or training’¹⁸.

However, we must not assume that young people are able to call upon their family of origin for additional support in this time – particularly for those who are residentially independent of their families. The minimum wage and the benefit levels for those under 25 should therefore be increased to the same level as those over 25 as one way to improve the support provided by the benefit system.

Who is accessing UC and conditionality: Rather than 70% of Glasgow’s caseload being made up of those searching for work and those who are not required to work, in July 70% of the caseload is comprised of those searching for work and those who are working with requirements – groups both subject to conditionality. 44,000 people in Glasgow are currently subject to conditionality, a situation that is stressful for both clients and job coaches, who are now having to address the needs of far more people than ever before¹⁹. Additional resource is needed in the employability, money advice and welfare rights advice sectors for these UC recipients now. While vacancies in Glasgow improved in June and July (with a 41% increase in vacancies between June and July), vacancies are still just above half their pre-crisis levels²⁰. It is unclear, then, how many UC claimants currently subject to conditionality will be able to be successful in a.) finding work that will take them above conditionality requirements or b.) find work that will take them above the income threshold for UC altogether. Given these still stark challenges in the labour market, it seems particularly punitive to continue sanctions.

Coming crisis after furlough ends: Another notable increase in the caseload over the period is among those currently working without requirements, who now make up 13% of the caseload rather than 8% of the caseload pre-crisis. This includes those who are currently on furlough. This shift in caseload in Glasgow gives us a glimpse of challenges ahead. As the furlough scheme comes to an end in October a proportion of those currently connected to work and not required to look for a job receiving UC will flow into unemployment. Those at highest risk of losing their jobs will be those in minimum wage jobs that require close contact with the public²¹. At a local level improved collaboration will be needed between JobCentres and the public and third sector to ensure that those engaging with UC are referred to other income support services. For those who are ‘new’ to UC more support may also be needed to simply navigate these systems.

Additional support needed: While the immediate crisis of getting people connected to Universal Credit seems (for now) to have passed, the stark figures of over 200,000 more people accessing this benefit across Scotland is jarring. The income crisis, however, looks to be prolonged and the UK

¹⁸ Further information about the Kickstart scheme <https://www.gov.uk/government/collections/kickstart-scheme>; further information about the Scottish Youth Guarantee: <https://www.gov.scot/news/delivering-the-youth-guarantee/>

¹⁹ See for example, recent work by Robertson et al. 2020. *How well is Universal Credit supporting people in Glasgow?* Joseph Rowntree Foundation. <https://www.jrf.org.uk/report/how-well-universal-credit-supporting-people-glasgow>

²⁰ <https://www.employment-studies.co.uk/system/files/resources/files/IES%20Briefing%20-%20w.c%2017.08.2020%20final2.pdf>

²¹ See Joseph Rowntree Foundation. 2020. *Storm ready - how to keep us afloat as unemployment hits*. Briefing. <https://www.jrf.org.uk/report/storm-ready-how-keep-us-afloat-unemployment-hits>

government can act in the Autumn Budget to ensure that the £20 increase in UC does not expire in April 2021 and is extended to more recipients²². The challenge for local public services now is how best to address the additional needs of those who are claiming this benefit, particularly as many recipients may be facing rent arrears, food insecurity, and debt. Although the Scottish Child Payment to be rolled out in February 2021 is indeed welcome, campaigners are calling for an increase of £10 a week to child benefit across the UK now²³. This support will further assist those who have had to take on even more debt in the recent months²⁴ to weather this storm. Local policymakers also have a role to play in ensuring that the resources that are available can be accessed by all those who need it in this period. A recent report by the Poverty and Inequality Commission²⁵ found that although the Scottish Welfare Fund received more funding as part of the coronavirus emergency response, it was currently underutilised and that award amounts were variable between local authorities. This is particularly worrying in the face of continued challenges for those able to access UC and those who are not (e.g. those with No Recourse to Public Funds) to make ends meet.

As noted previously, the data here cannot fully reveal wider labour market trends for these groups and the full individual impacts of this crisis; therefore, more and different research should be undertaken. For example, additional research using the Labour Force Survey can help to detail these wider trends alongside survey data such as Understanding Society's COVID-19 study, which can further detail individual and group impacts. Quantitative research should also be supplemented with qualitative research with individuals and families engaging with the welfare system to delve deeper into how this crisis materially, socially and emotionally impacts them (see, for example, the COVID realities project²⁶).

²² See: <https://www.jrf.org.uk/blog/autumn-budget-keep-doing-right-thing-and-keep-lifeline>

²³ <https://www.theguardian.com/society/2020/aug/31/calls-to-raise-child-benefit-in-uk-to-help-struggling-families>

²⁴ Standard Life. Ibid.

²⁵ <https://povertyinequality.scot/wp-content/uploads/2020/08/Scottish-Welfare-Fund-briefing-.pdf>

²⁶ <https://www.nuffieldfoundation.org/project/covid-realities-families-low-income-pandemic>